

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: 201525015
Release Date: 6/19/2015
Date: March 27, 2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

W = nationality
Y = university
Z = state
x = date

UIL

4945.04-04

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you a nonexempt charitable trust (NECT) described in IRC 4947(a)(1) that is also a private foundation. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships effective x; the effective date of your request. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

You provide scholarships for undergraduate and graduate students to study home economics, nutrition and related curriculums. In the past you have provided up to four awards annually, however, the number of scholarships that will be awarded each year and the amount of each scholarship will vary depending on the amount of funds available to be distributed. You publicize the scholarship program on Y's website and through their

financial aid office. First preference shall be given to girls of W ancestry and of limited means from Z mining towns. Sound moral character, scholastic ability and economic necessity will be considered as qualifying characteristics.

Each year your trustee advises your scholarship committee of the amount available for scholarships and reminds the committee of the current scholarship criteria. The current scholarship committee consists of faculty members from Y, faculty from local high schools in Z and former scholarship recipients.

The members of the scholarship committee review the scholarship applications and rank the applications based on the applicants' moral character, scholastic ability and economic necessity. The scholarship committee then submits their selection to the trustee. The trustee reviews the recommendations from the committee to ensure that the students meet the criteria and makes the final selection. All scholarships are awarded on an objective and non-discriminatory basis. No scholarship may be awarded to any disqualified person as defined in code section 4946.

The trustee pays the scholarship proceeds directly to the university/college. Students are reimbursed directly for books, supplies, equipment and expenses required for their course of study. The trustee provides a letter to each university/college specifying that the acceptance of the funds constitutes their agreement to (i) refund any unused portion of the scholarship if a scholarship recipient fails to meet any term or condition of the scholarship and (ii) notify the trustee if the scholarship recipient fails to meet any term or condition of the scholarship. If the university/college will not agree to such terms, or if funds are paid directly to the scholarship recipient the trustee will obtain the needed reports and grade transcripts from the scholarship recipient.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations

Enclosure:
Redacted letter
Notice 437